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SUBJECT: AMBASSADOR MEETS WITH NEW AG MINISTER

¶1. (SBU) Summary: Ambassador and AgCounselor met with the new Ecuadorian Minister of Agriculture Carlos Vallejo on Tuesday, January 30. In a very cordial meeting, Vallejo expressed his appreciation for past USG assistance to the Ecuadorian agricultural sector and requested additional assistance to meet the many challenges facing the sector. The Ambassador and Minister Vallejo discussed a wide range of issues, including the challenges to agricultural reform within the current Ecuadorian political and economic structure, the persistence of poverty in rural areas and the importance of income and employment generation, Ecuador's WTO banana case, and Ecuador's National Agricultural Sanitary Service. Minister Vallejo stressed the tremendous growth potential of Ecuador's agricultural sector and noted the need for investment in agriculture research and for product diversification. End Summary.

¶2. (U) The Ambassador asked Minister Vallejo how the country and economy had changed since he was first Minister of Agriculture in 1981 (under the Hurtado administration). Minister Vallejo opined that the two biggest changes were oil and the restructuring of the agricultural sector. (Note: twenty five years ago the agricultural sector was dominated by banana exports from the coast and subsistence elsewhere. Today, the agriculture sector is much more diverse and engaged in international trade with exports of flowers, coffee, and more recently broccoli).

¶3. (SBU) Minister Vallejo lamented the current status of the banana industry, mentioning the seasonal price variability and the difficulty in maintaining the government mandated minimum price. He expressed appreciation for US support in the Ecuadorian WTO case against the EU, noting that the second round of consultations will take place shortly.

¶4. (SBU) The Ambassador noted the USG's commitment to the National Agricultural Sanitary Service (SESA) and asked for Minister Vallejo's views on the future of the organization. Minister Vallejo noted the importance of SESA for Ecuadorian producers to meet standard requirements in export markets. He stated that just prior to the meeting, he had confirmed the new head of SESA (although he could not yet mention the individual's name). He offered to introduce the new head of SESA to the AgCounselor the following week.

¶5. (SBU) Minister Vallejo specifically asked if PL 480 resources would be available for technical assistance to the Ministry. Ambassador confirmed that such resources were available and that the USG is very interested in continuing our cooperation with the Ministry. Vallejo expressed his views that the Ecuadorian agricultural sector has tremendous potential and that with credit and technology, significant growth was possible. He mentioned the

need for investments in agriculture research and the need for diversification of production. He identified ethanol and exotic fruits as two areas of future growth.

16. (SBU) Vallejo was the person whom candidate Correa chose to bring with him to a breakfast with the Ambassador several months ago at the onset of the campaign season - underscoring their close relationship. His extensive experience in the sector and previous government work makes him an exception within this cabinet of neophytes and positions him potentially to be especially effective. However, his past political affiliations also make him suspect within the Correa camp and his appointment was controversial. While regarded by some as a formidably smart left of center ideologue, if we can successfully partner with him on the several areas of convergence discussed, we may see good results.

JEWELL